



STATE OF WASHINGTON
ENERGY FACILITY SITE EVALUATION COUNCIL

PO Box 43172 • Olympia, Washington 98504-3172

June 14, 2005 draft Meeting Minutes

1. CALL TO ORDER

Chair Luce called the June 14, 2005 monthly meeting to order at 925 Plum Street S.E., Building 4, Room 308, at 1:30 p.m.

2. ROLL CALL

Council members present were:

Richard Fryhling	Department of Community, Trade and Economic Development
Hedia Adelsman (excused)	Department of Ecology
Chris Towne	Department of Fish and Wildlife
Tony Ifie	Department of Natural Resources
Tim Sweeney	Utilities and Transportation Commission
Patti Johnson (via phone)	Kittitas County
Jim Luce	Chair

A quorum was present to conduct business.

Staff in attendance were:

Allen Fiksdal – EFSEC Manager, Mike Mills – Compliance Manager, Irina Makarow – Siting Manager, Mariah Laamb – Council Secretary, Ann Essko – Council Attorney

Guests in attendance were:

Tom Donovan – Grays Harbor Energy, Alan Harger – Dept. of Transportation, Tim McMahon – Attorney, Curt Leigh – Fish & Wildlife, Darrel Peeples – Attorney, Judy Wilson – Dept. of Natural Resources, Nick Lewis – Former EFSEC Chair

Guests attending via phone:

Mot Hedges – Energy Northwest, Karen McGaffey – Perkins Coie

3. ADOPTION OF PROPOSED AGENDA

The agenda was presented to the Council for amendments or additions. The agenda was accepted as proposed.

4. MINUTES

The minutes from the April 12, 2005 monthly meeting, May 10, 2005 special meeting, May 10, 2005 monthly meeting, May 16, 2005 special meeting and May 25, 2005 special meeting were presented for adoption. **Motion: To accept all of the minutes as proposed. Chris Towne made the motion and Dick Fryhling seconded the motion. The minutes were approved unanimously.**

5. KITTITAS VALLEY WIND POWER PROJECT

<i>Information Item: Pre-hearing conference set August 22, 2005 – 1 p.m.</i>	<i>Irina Makarow, EFSEC</i>
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In a letter dated May 19, 2005, Darrel Peeples, attorney for the Applicant, requested a continuance until March 2006 of the adjudicatory hearings in the Kittitas Valley Wind Power Project. The Applicant also requested suspension of its request to Kittitas County for preemption of land use consistency and will discuss this further with the County.

The Council decided to continue the adjudicatory hearings and has set a pre-hearing conference for August 22, 2005, 1 p.m. The Council also received and acknowledged a letter from Chris Hall, a Kittitas Valley Wind Power Project intervenor, stating she is withdrawing as an intervenor as she and the Applicant have resolved their concerns and entered into a settlement agreement. A notice for the pre-hearing conference including the meeting location and an agenda will be served on all intervenors.

6. WILD HORSE WIND POWER PROJECT

<i>Recommendation to Governor - Status</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow reported that there were no petitions for reconsideration regarding the recommendation to approve the Wild Horse Wind Power Project that the Council announced at their May 25th meeting. The recommendation was transmitted to Governor Gregoire and her staff on June 8th; the Governor will have 60 days to review and provide a decision on the recommendation from the Council. Currently the Governor is out of the country on a trade mission to France and Matt Steurwalt, Energy Policy staff, is also out of the state, but review will likely start shortly after the Governor's return from Europe.

7. PROJECT UPDATES

Columbia Generating Station

<i>Operations</i>	<i>Mike Mills, EFSEC</i>
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Columbia is back online after a 35-day refueling outage. These outages are scheduled every 24 months and are a normal part of the maintenance of the plant. The next outage is scheduled for 2007.

WNP-1

<i>Offsite Environmental Mitigation</i>	<i>Mike Mills, EFSEC</i>
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EFSEC's contract with Benton County for the Badger Mountain land purchase was executed last week and the check will be delivered to the county tomorrow. All monies for the purchase of the land will be placed in escrow awaiting closing of the purchase of the property. The Governor is scheduled to speak at a celebratory event on June 23, 2005, in Richland Washington. All Council members are welcome and encouraged to attend.

Site visits to proposed mitigation projects are continuing and staff and subcommittee members will visit a project in Walla Walla County on June 15, 2005. Mr. Mills reported he received a letter of interest regarding the Tapteal Greenway project in Benton County and he will provide a copy to all subcommittee members. The mitigation subcommittee will meet in July, and he will contact members to arrange the next meeting time and date.

Chehalis Generation Facility

<i>Operations</i>	<i>Mike Mills, EFSEC</i>
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Duncan McCaig, plant manager, reported this week to Mr. Mills that the plant has been shut down during the last month due to heavy rainfall and economic reasons. They intend to have the plant up and operating as soon as economically feasible.

Satsop Combustion Turbine Project

<i>Status Report</i>	<i>Mike Mills, EFSEC</i>
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Tom Donovan, plant manager, reported they are actively marketing the project's potential electrical capacity, but the market remains challenging. They have had some interest expressed by potential power off-takers, but none has committed to purchasing capacity and energy yet.

Grays Harbor Energy LLC provided the Council with a Standby Trust Agreement as required by Council Resolution 812. To reflect the ownership change a revision to the initial site restoration plan was submitted and a revision of the SCA was prepared with Council staff.

The project remains under deferred construction with a minimal level of work being performed. On-going activities include environmental monitoring, motor rotations, electrical checks and maintenance of materials and the structural integrity of the steam turbine generators and Heat Recovery Steam Generators (HRSG)s. Minor installation of electrical and mechanical components for the facility may also occur during the deferred construction period.

Wallula Power Project

<i>Site Certification Agreement (SCA) Termination Request</i>	<i>Allen Fiksdal, EFSEC Manager</i>
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In February 2005, Peter Pawlowski from Competitive Power Ventures (CPV) informed the Council it no longer intend to construct the Wallula generation facility and would like to have its

license (SCA) rescinded and to be absolved of all monies perceived outstanding. The Council discussed the request at its May 10, 2005 meeting and determined it will hold the SCA in active status until payment of monies owed has been resolved.

Mr. Fiksdal reported the Office of Financial Management (OFM) has procedures outlined for collection of funds owed to state agencies. EFSEC plans to follow those procedures to collect the funds from CPV.

Sumas Energy 2

<i>PSD Appeal</i>	<i>Irina Makarow, EFSEC</i>
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Ms. Makarow announced she received from the U. S. Environmental Appeals Board an Order denying review of the petition for appeal of the Sumas Energy 2 Generation Facility PSD permit amendment.

8. EFSEC COMPLIANCE MONITORING CONTRACTS

<i>FY 2006 Renewals</i>	<i>Mike Mills, EFSEC</i>
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Mr. Mills provided background information on the proposed renewals of five interagency agreements that provide monitoring services at certified projects, and technical review services to support the Council's review of Potential Site Studies and Applications for Site Certification. He reviewed the costs associated with each contract. There is one contract with no funding associated – the Ecology master contract. For the other contracts, Ecology – Air Quality Program Air Permitting increased this fiscal year, Fish and Wildlife Consulting Services stayed the same as last fiscal year, State Patrol ENW Fire Inspection stayed the same as last fiscal year and the Southwest Clean Air Agency contract decreased by half.

Motion: To accept the contract renewal for Fish & Wildlife Consulting Services. Tim Sweeney made the motion and Tony Ifie seconded the motion. Councilmember Towne recused herself from the vote for the Fish and Wildlife contract. The motion passed.

Motion: To accept the contract renewals for Ecology master contract; Ecology Task Order 3 – Air Permitting ; State Patrol – ENW Fire Protection and the Southwest Clean Air Agency contract. Tim Sweeney made the motion and Dick Fryhling seconded the motion. The motion passed unanimously.

9. CHAIR'S REPORT

Chair Luce reported he has been meeting with several Legislators and public officials. Mr. Luce has been conducting listening meetings, requesting input from the stakeholders with which EFSEC works closely to hear about their vision of EFSEC's future. He has also met with some agency directors, some who have representation on the Council and some Council members also participated in the conversations. When he has completed his meetings later this summer, he will provide a report of the comments received during these meetings.

Chair Luce also noted there may be some wind projects developing along the Columbia River. He will update the Council as he receives more details.

10. OTHER

Tony Ifie, Council representative from the Department of Natural Resources (DNR) announced at the meeting today he has been assigned to new duties and introduced his replacement, Judy Wilson. Ms. Wilson will start on the Council as official DNR representative at the July 12 meeting.

Ms. Makarow presented the Council with a red-lined version of our air rules. She requested Council members make any comments to these rules by June 30th.

11. ADJOURN

Chair Luce adjourned the meeting at 2 p.m.